

# EXHIBIT 13

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## A.G. Schneiderman Announces Jail Sentence For Major NYC Landlord Steven Croman

*Steven Croman Taken Into Custody And Transferred To Rikers Island For One Year Jail Sentence; Croman Also Paying \$5 Million Settlement*

*Rarely, If Ever, Has A Landlord Been Sentenced To Jail Time For These Practices*

*Attorney General Schneiderman's Civil Suit Against Croman For Tenant Harassment Remains Ongoing*

NEW YORK—Attorney General Eric T. Schneiderman today announced the sentencing of Steven Croman, a major New York City landlord who owns more than 140 apartment buildings across Manhattan, for fraudulently refinancing loans and committing tax fraud. Croman was taken into custody today and will serve one year of jail time on Rikers Island. As part of his guilty plea, he is also paying a \$5 million tax settlement to the State; Croman paid the first \$3 million of that settlement last month.

A year-long investigation by the Attorney General's office found that Croman purchased buildings with rent-stabilized units and, immediately after purchase, began the process of displacing rent-stabilized tenants while simultaneously attempting to refinance the initial mortgage.

Rarely, if ever, has a landlord been sentenced to serve time in jail for engaging in these practices. The jail time and multi-million settlement send a strong message to landlords that the Attorney General will pursue anyone who engages in these types of practices to the fullest extent of the law.

“Steven Croman thought he was above the law. But today, he begins a sentence in Rikers Island for perpetrating an elaborate scheme that was intended to push out rent-stabilized tenants,” said **Attorney General Schneiderman**. “The measures Mr. Croman took to boost his own bottom line – while blatantly disregarding the wellbeing of his tenants – are shocking. A booming real estate market is no excuse for criminal activity aimed at displacing New Yorkers already struggling with high rents. My office will continue to ensure that all landlords play by the rules – and pursue anyone who doesn’t to the fullest extent of the law.”

In June, Croman pleaded guilty to Grand Larceny in the Third Degree (a class D felony), and Falsifying Business Records in the First Degree and Criminal Tax Fraud in the Fourth Degree (both class E felonies). Croman fraudulently obtained several multi-million-dollar refinancing loans between 2012 and 2014, and committed tax fraud in 2011 by failing to withhold appropriate NY State payroll tax from certain Croman Real Estate employee paychecks.

The criminal referral in the Croman investigation was provided to the Attorney General's office by the New York State Department of Housing and Community Renewal's Tenant Protection Unit (TPU).

Pursuant to the plea agreement and the defendant's allocution, Croman submitted false documents to banks, including rent rolls that falsely reflected market rate rents for units that were actually occupied by rent-stabilized tenants. Croman also inflated the amount of rent charged for certain commercial spaces in his buildings in an effort to show greater rental income. Croman falsified these rent rolls in order to inflate the annual rental income of his buildings, upon which his refinancing terms are partially based. All told, over a three-year period, Croman received more than \$45 million in loans under these false pretenses.

Croman also intentionally failed to withhold New York State payroll taxes from bonus payments made to a former Croman Real Estate property manager, who was paid bonuses to get rent stabilized and rent controlled tenants out of Croman apartment buildings.

The Attorney General also has a separate civil lawsuit against Croman for allegedly engaging in harassment of rent-regulated tenants and other illegal, fraudulent, and deceptive conduct in connection with his real-estate business. That case remains ongoing.

Earlier this year, the Attorney General Schneiderman formally introduced [new legislation](#) aimed at holding the city's most unscrupulous landlords criminally accountable for Harassment of a Rent Regulated Tenant. Current state law demands prosecutors reach an inexplicably high bar in order to criminally charge landlords with that crime—which is why in the past twenty years, not a single landlord has ever been convicted of the crime of Harassment of a Rent Regulated Tenant.

The Attorney General's legislation would set a more reasonable standard that removes the need to prove physical injury to a tenant, and opens the door to Harassment of a Rent Regulated Tenant prosecutions arising out of more commonplace and insidious tactics, such as turning off heat and hot water, exposing young children to lead dust, and making rent-stabilized buildings deliberately uninhabitable for current tenants and their families.

The Attorney General has taken a number of other steps to combat tenant harassment and illegal practices by landlords across New York City, including:

- [Enhancing and streamlining](#) the office's resources to combat tenant harassment, deceptive lending practices, deed theft, bank fraud, and other housing issues facing constituents.
- Filing [additional felony charges against a landlord](#) for committing mortgage fraud.
- Formed the [Tenant Harassment Prevention Task Force](#) with city and state officials.

The prosecution of this case was handled by the Attorney General’s Real Estate Enforcement Unit Chief Travis Hill and former Special Counsel to the Criminal Division John Spagna, under the supervision of Public Integrity Bureau Chief Daniel Cort and Deputy Chief Stacy Aronowitz. Chief Deputy Attorney General Jason Brown leads the Criminal Justice Division. The Attorney General’s investigation was handled by Investigators Luis Carter, Angel Laporte, Brian Metz, Edward Ortiz, Anna Ospanova, and Elsa Rojas under the supervision of Deputy Chief Investigator John McManus and Chief Investigator Dominick Zarrella. Former Legal Support Analyst Mollie Krent also assisted in the investigation.

TPU staff who worked on this case includes TPU Senior Attorneys Jordan Fried and Karis Rasmussen, TPU Legal Director Vernitta N. Chambers, Director of Forensic Analysis Harvey Akerman, Bureau Chief Gregory C. Fewer, and Deputy Commissioner Richard R. White.

The Office of the Attorney General thanks our partners at the Department of Buildings, the Department of Housing Preservation and Development, and the Department of Taxation and Finance for their assistance in the investigation and prosecution of this matter.

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